

INSURANCE TIPS TO HELP PROTECT YOUR ASSETS

BE INFORMED AND MAKE EDUCATED DECISIONS TO COVER YOURSELF FOR BIGGER LOSSES.

- **DON'T SKIMP.** You want to be able to rebuild in full. Insurance Companies and agents have a number of tools to determine how much it would cost to rebuild your home. Most companies require that you insure for 100% of the actual cost to rebuild your home. Consider a higher deductible and use the savings to buy the correct amount of coverage.
- **GET EXTENDED REPLACEMENT COVERAGE.** This can be an additional 25%-100% more coverage for a small premium. It is especially important if there is a neighborhood catastrophe where costs of rebuilding can increase due to market conditions.
- **DON'T OVER INSURE EITHER.** A lender cannot require that you insure for your loan amount if it is higher than the cost to rebuild, as long as you have some form of Extended Replacement Value coverage. Remember that much of the value of your home is in the land.
- **GET REPLACEMENT COST ON YOUR CONTENTS.** You will want to be reimbursed so that you can buy new items if you have a loss. Without this coverage you would only get the value of the item at the time of the loss (depreciated value).
- **REVIEW YOUR POLICY WITH YOUR AGENT/COMPANY.** At least every two years you should speak with your agent or an insurance company representative to determine if it would now cost more to rebuild your home. Additionally, make sure to advise them when you've made any improvements or changes to your home or property.
- **DISCOUNTS** are available with different companies for different things. You usually get the most discounts if you have all of your insurance with the same company. There can also be discounts for your age, occupation and features of your home, from gas shut off valves to alarm systems. A good agent or insurance company representative should ask enough questions to help you find all the discounts you are entitled to.
- **SHOW YOUR PRIDE OF OWNERSHIP** of your home. Insurance companies will sometimes do drive by inspections and note items that could result in a claim, such as cracks in the driveway, missing roof shingles, etc. Be proactive and avoid being put on the cancellation list.
- **ADDITIONAL LIVING EXPENSES** will reimburse you for expenses for living away from your home while repairs are being made. This can be covered for up to two years, whether you are staying with friends or relatives, at a hotel, or renting an apartment/house.
- **MOBILE HOMES** are insured differently and under a different type of policy. There are certain coverages and restrictions that apply in replacing your home. Many policies come as "basic" policies and deduct for depreciation. You should consider selecting a more comprehensive policy. Speak with your agent or insurance company representative about the worst case scenario and how best to protect yourself.
- **IF YOU OWN A CONDO,** you probably have a master Homeowners Association policy for the building. In many cases, however, this policy does not cover your interior walls, mouldings, cabinets or fixtures. You need to check how your Association's CC&Rs read so you can properly cover your unit on your own Condo Unit Owners policy. This policy will also cover your contents and personal liability and can run about \$200 + per year, depending on your needs. It will also qualify you to purchase some earthquake insurance through the California Earthquake Authority.
- **IF YOU RENT,** your personal belongings are NOT covered by your landlord's insurance. You should consider Renter's Insurance, which will cover your personal property such as furniture and clothing, as well as personal liability. Also, don't forget Contents Replacement Coverage. A standard policy can cost around \$300 per year, but you may get a discount on your auto insurance if you insure with the same company. Renters can be wiped out as well, and if you live in an apartment you face the additional risk of fire or water damage from a neighbor.
- **CONSIDER HIGHER DEDUCTIBLES.** Do the math. If you have a choice between \$1000 deductible and a \$2500 deductible and the difference in premium is \$400, you are really paying that extra \$400 for only \$1500 of coverage (\$2500 - \$1000 = \$1500 and assuming you have only one loss). Use the extra premium for a better buy in coverage such as higher auto liability limits that protect your personal assets!
- **KEEP RECORDS.** You don't necessarily have to have a receipt for each and every item. But, *the more documentation you have, the easier it is to settle a claim.* Open your closets, take general photos showing what's in them, and take photos of your home and its furnishings. There are many online programs that will help you keep a home inventory. Many agents or companies have software for this, too. You may even be able to upload your inventory to your agent/company. Keep your records, or a duplicate of them, at another location such as your work, a safety deposit box, or with friends or family.
- **DON'T ASSUME.** Read your policy; especially the Exclusions. Some exclusions, such as Earthquake, Flood, and Jewelry, can be added as riders or bought as separate policies.